We claim:

1. A method for evaluating customer value to guide loyalty and retention programs comprising the steps of:

calculating an individual customer's tenure based on attributes relating to a plurality of current customer accounts;

generating a hazard function for each of a plurality of new customers to determine probability of churn based on the individual customer's tenure;

calculating a gain in lifetime value for each of the plurality of new customers; and

determining a focus for a loyalty and retention program based on at least one of the hazard function and gain in lifetime value for each of the plurality of new customers.

2. The method of claim 1, wherein calculating the gain in lifetime value includes:

calculating a lifetime value based on contract terms and revenue generated for each of the plurality of new customers;

calculating the gain in lifetime value by considering a new contract period using the formula $ER^*_i - ER_i(0) = GLTV$.

3. The method of claim 1, wherein determining a focus for a loyalty and retention includes:

analyzing the shape of the hazard function generated for each of the plurality of new customers; and

specifying a set of marketing techniques based on the shape of the hazard function.

4. The method of claim 1, wherein determining a focus for a loyalty and retention program includes:

specifying a set of incentives offered to the plurality of new customers based on the gain in lifetime value.

5. The method of claim 3, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, there is no effect on churn of a contract expiration.

6. The method of claim 5, wherein specifying the set of marketing techniques includes:

taking no further steps to deter churn.

7. The method of claim 3, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, that there is a small increase in probability of churn at contract expiration, with an elevated post-expiration churn.

8. The method of claim 7, wherein specifying the set of marketing techniques includes:

having a moderate pre-expiration effort where new contracts or continued contracts are the goal.

9. The method of claim 3, wherein specifying the set of marketing techniques based on the shape include:

determining, based on the shape of the hazard function, that there is a large spike indicating high probability of churn at contract expiration and low probability of churn thereafter.

10. The method of claim 9, wherein specifying the set of marketing techniques includes:

concentrating effort on pre-expiration of contract where a contract renewal may not be required.

11.   The method of claim 3, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, that there is a large increase in probability of churn at expiration with high and increasing post-expiration probability of churn.

12.   The method of claim 11, wherein specifying the set of marketing techniques includes:

having a high intensity pre-expiration effort with continued competitive offers to maintain customer.

13.   The method of claim 3, wherein specifying the incentives includes:

determining that value of the set of incentives offered to each of the plurality of new customers does not exceed the gain in lifetime value.

14.   The method of claim 3, wherein analyzing the shape of the hazard function includes:

clustering all of the hazard functions for each of the plurality of new customers so that hazard functions with similar shapes can be grouped together.

15.   The method of claim 14, wherein analyzing the shape of the hazard function includes:

determining, based on the overall shape of the clustered hazard functions, what retention efforts to take to keep a new customer.

16.   An apparatus for evaluating customer value to guide loyalty and retention programs comprising:

a calculating module for calculating an individual customer's tenure based on attributes relating to a plurality of current customer accounts;

5   a generating module for generating a hazard function for each of a plurality of new customers to determine probability of churn based on the individual customer's tenure;

a calculating module for calculating a gain in lifetime value for each of the plurality of new customers; and

a determining module for determining a focus for a loyalty and retention program based 10   on at least one of the hazard function and gain in lifetime value for each of the plurality of new customers.

17.   The apparatus of claim 16, wherein the calculating module for calculating the gain in lifetime value includes:

a calculating module for calculating a lifetime value based on contract terms and revenue generated for each of the plurality of new customers;

a calculating module for calculating the gain in lifetime value by considering a new contract period using the formula $ER^*_i - ER_i(0) = GLTV$.

18.   The apparatus of claim 16, wherein the determining module for determining a focus for a loyalty and retention includes:

an analyzing module for analyzing the shape of the hazard function generated for each of the plurality of new customers; and

5   a specifying module for specifying a set of marketing techniques based on the shape of the hazard function.

19.   The apparatus of claim 16, wherein the determining module for determining a focus for a

loyalty and retention program includes:

a specifying module for specifying a set of incentives offered to the plurality of new

customers based on the gain in lifetime value.

20.   The apparatus of claim 18, wherein the specifying module for specifying the set of

marketing techniques based on the shape includes:

a determining module for determining, based on the shape of the hazard function, there is

no effect on churn of a contract expiration.

21.   The apparatus of claim 20, wherein the specifying module for specifying the set of

marketing techniques includes:

a taking module for taking no further steps to deter churn.

22.   The apparatus of claim 18, wherein the specifying module for specifying the set of

marketing techniques based on the shape includes:

a determining module for determining, based on the shape of the hazard function, that

there is a small increase in probability of churn at contract expiration, with an elevated post-

5   expiration churn.

23.   The apparatus of claim 22, wherein the specifying module for specifying the set of

marketing techniques includes:

a having module for having a moderate pre-expiration effort where new contracts or

continued contracts are the goal.

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24.   The apparatus of claim 18, wherein the specifying module for specifying the set of

marketing techniques based on the shape include:

a determining module for determining, based on the shape of the hazard function, that

there is a large spike indicating high probability of churn at contract expiration and low

5   probability of churn thereafter.

25.   The apparatus of claim 24, wherein the specifying module for specifying the set of

marketing techniques includes:

a concentrating module for concentrating effort on pre-expiration of contract where a

contract renewal may not be required.

26.   The apparatus of claim 18, wherein the specifying module for specifying the set of

marketing techniques based on the shape includes:

a determining module for determining, based on the shape of the hazard function, that

there is a large increase in probability of churn at expiration with high and increasing post-

expiration probability of churn.

27.   The apparatus of claim 26, wherein the specifying module for specifying the set of

marketing techniques includes:

a having module for having a high intensity pre-expiration effort with continued

competitive offers to maintain customer.

28.   The apparatus of claim 18, wherein the specifying module for specifying the incentives

includes:

a determining module for determining that value of the set of incentives offered to each of the plurality of new customers does not exceed the gain in lifetime value.

29.   The apparatus of claim 18, wherein the analyzing module for analyzing the shape of the hazard function includes:

a clustering module for clustering all of the hazard functions for each of the plurality of new customers so that hazard functions with similar shapes can be grouped together.

30.   The apparatus of claim 29, wherein the analyzing module for analyzing the shape of the hazard function includes:

a determining module for determining, based on the overall shape of the clustered hazard functions, what retention efforts to take to keep a new customer.

31.   A computer-readable medium containing instructions for evaluating customer value to guide loyalty and retention programs comprising:

calculating an individual customer's tenure based on attributes relating to a plurality of current customer accounts;

generating a hazard function for each of a plurality of new customers to determine probability of churn based on the individual customer's tenure;

calculating a gain in lifetime value for each of the plurality of new customers; and

determining a focus for a loyalty and retention program based on at least one of the hazard function and gain in lifetime value for each of the plurality of new customers.

32.   The computer-readable medium of claim 31, wherein calculating the gain in lifetime value includes:

calculating a lifetime value based on contract terms and revenue generated for each of the plurality of new customers; and

5   calculating the gain in lifetime value by considering a new contract period using the formula $ER^*_i -ER_i(0) = GLTV$.

33.   The computer-readable medium of claim 31, wherein determining a focus for a loyalty and retention includes:

analyzing the shape of the hazard function generated for each of the plurality of new customers; and

specifying a set of marketing techniques based on the shape of the hazard function.

34.   The computer-readable medium of claim 31, wherein determining a focus for a loyalty and retention program includes:

specifying a set of incentives offered to the plurality of new customers based on the gain in lifetime value.

35.   The computer-readable medium of claim 33, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, there is no effect on churn of a contract expiration.

36.   The computer-readable medium of claim 35, wherein specifying the set of marketing techniques includes:

taking no further steps to deter churn.

37.   The computer-readable medium of claim 33, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, that there is a small increase in probability of churn at contract expiration, with an elevated post-expiration churn.

38.   The computer-readable medium of claim 37, wherein specifying the set of marketing techniques includes:

having a moderate pre-expiration effort where new contracts or continued contracts are the goal.

39.   The computer-readable medium of claim 33, wherein specifying the set of marketing techniques based on the shape include:

determining, based on the shape of the hazard function, that there is a large spike indicating high probability of churn at contract expiration and low probability of churn thereafter.

40.   The computer-readable medium of claim 39, wherein specifying the set of marketing techniques includes:

concentrating effort on pre-expiration of contract where a contract renewal may not be required.

41.   The computer-readable medium of claim 33, wherein specifying the set of marketing techniques based on the shape includes:

determining, based on the shape of the hazard function, that there is a large increase in probability of churn at expiration with high and increasing post-expiration probability of churn.

42. The computer-readable medium of claim 41, wherein specifying the set of marketing

techniques includes:

having a high intensity pre-expiration effort with continued competitive offers to maintain

customer.

43. The computer-readable medium of claim 33, wherein specifying the incentives includes:

determining that value of the set of incentives offered to each of the plurality of new

customers does not exceed the gain in lifetime value.

44. The computer-readable medium of claim 33, wherein analyzing the shape of the hazard

function includes:

clustering all of the hazard functions for each of the plurality of new customers so that

hazard functions with similar shapes can be grouped together.

45. The computer-readable medium of claim 44, wherein analyzing the shape of the hazard

function includes:

determining, based on the overall shape of the clustered hazard functions, what retention

efforts to take to keep a new customer.

46. A system for evaluating customer value to guide loyalty and retention programs

comprising:

means for calculating an individual customer's tenure based on attributes relating to a

plurality of current customer accounts;

means for generating a hazard function for each of a plurality of new customers to

determine probability of churn based on the individual customer's tenure;

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means for calculating a gain in lifetime value for each of the plurality of new customers; and

means for determining a focus for a loyalty and retention program based on at least one of the hazard function and gain in lifetime value for each of the plurality of new customers.

47. The system of claim 46, wherein means for calculating the gain in lifetime value includes:

means for calculating a lifetime value based on contract terms and revenue generated for each of the plurality of new customers; and

means for calculating the gain in lifetime value by considering a new contract period using the formula $ER^*_i - ER_i(0) = GLTV$.

48. The system of claim 46, wherein means for determining a focus for a loyalty and retention includes:

means for analyzing the shape of the hazard function generated for each of the plurality of new customers; and

means for specifying a set of marketing techniques based on the shape of the hazard function.

49. The system of claim 46, wherein means for determining a focus for a loyalty and retention program includes:

means for specifying a set of incentives offered to the plurality of new customers based on the gain in lifetime value.

50. The system of claim 18, wherein means for specifying the set of marketing techniques based on the shape includes:

means for determining, based on the shape of the hazard function, there is no effect on churn of a contract expiration.

51. The system of claim 50, wherein means for specifying the set of marketing techniques includes:

means for taking no further steps to deter churn.

52. The system of claim 48, wherein means for specifying the set of marketing techniques based on the shape includes:

means for determining, based on the shape of the hazard function, that there is a small increase in probability of churn at contract expiration, with an elevated post-expiration churn.

53. The system of claim 52, wherein means for specifying the set of marketing techniques includes:

means for having a moderate pre-expiration effort where new contracts or continued contracts are the goal.

54. The system of claim 48, wherein means for specifying the set of marketing techniques based on the shape include:

means for determining, based on the shape of the hazard function, that there is a large spike indicating high probability of churn at contract expiration and low probability of churn thereafter.

55. The system of claim 54, wherein means for specifying the set of marketing techniques includes:

means for concentrating effort on pre-expiration of contract where a contract renewal may

not be required.

56.   The system of claim 48, wherein means for specifying the set of marketing techniques

based on the shape includes:

        means for determining, based on the shape of the hazard function, that there is a large

increase in probability of churn at expiration with high and increasing post-expiration probability

5   of churn.

57.   The system of claim 56, wherein means for specifying the set of marketing techniques

includes:

        means for having a high intensity pre-expiration effort with continued competitive offers

to maintain customer.

58.   The system of claim 48, wherein means for specifying the incentives includes:

        means for determining that value of the set of incentives offered to each of the plurality of

new customers does not exceed the gain in lifetime value.

59.   The system of claim 48, wherein means for analyzing the shape of the hazard function

includes:

        means for clustering all of the hazard functions for each of the plurality of new customers

so that hazard functions with similar shapes can be grouped together.

60.   The system of claim 59, wherein means for analyzing the shape of the hazard function

includes:

means for determining, based on the overall shape of the clustered hazard functions, what retention efforts to take to keep a new customer.